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RUCNARF/ASEAN REGIONAL FORUM COLLECTIVE
RUEHHM/AMCONSUL HO CHI MINH CITY 3506

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TAGS: [ECON](#) [EIND](#) [ETRD](#) [PREL](#) [VM](#)

SUBJECT: GARMENT INDUSTRY RELIEVED BY USDOC MONITORING ANNOUNCEMENT
BUT CONCERNS REMAIN

REF: HCMC 995

1. (U) Summary. Vietnam's textile and garment industry breathed a collective sigh of relief on October 27 at the Department of Commerce's (DOC) announcement that there is no evidence of Vietnamese garment dumping in the United States. The Vietnamese media lauded the finding, bristling slightly that the program will nevertheless continue. Manufacturers welcomed the news and credited Assistant Secretary for Import Administration David Spooner with listening to their concerns during his September 24-26 visit to Vietnam. Buyers expressed increasing confidence in Vietnam as a source of products but called on the United States to narrow the number of lines under review. End summary.

Media Plays it Straight

2. (U) In Hanoi and HCMC the media was straight-forward in conveying the October 26 decision with virtually every major newspaper reporting the announcement and quoting the press release verbatim -- "After a fair and objective analysis of the data, Commerce found insufficient evidence of dumping from Vietnam." The more elaborate reports repeated familiar complaints that the monitoring process is inherently unfair and discriminatory and called for an end to the monitoring mechanism. Chairman of the Vietnam Textile and Apparel Association (VITAS) Le Quoc An added that VITAS continues to oppose the monitoring mechanism and ask the United States to narrow the scale or end the monitoring mechanism. [Note: Press clips will be sent separately by email to the Desk. End note.]

Privately, Manufacturers Delighted

3. (SBU) VITAS Director of Foreign Affairs Pham Gia Hung told the Consulate that Vietnam's textile and garment industry warmly welcomes the decision and thanked the United States Government for the chance to provide input during Assistant Secretary Spooner's September 24-25 visit to HCMC. The industry now feels more confident about the investments they have made in production capacity. A delegation of twenty buyers from the International Apparel Federation told VITAS on October 29 that the DOC announcement clarifies Vietnam's situation but they stopped short increasing orders during this visit. All eyes now turn to the planned visit of Secretary of Commerce Gutierrez, with the industry hoping to press the Department to end the monitoring program altogether.

Buyers Still Looking for More Clarity

4. (SBU) U.S. buyers were more restrained, emphasizing that

the monitoring program will continue through the end of the administration. The basic threat of a self-initiated antidumping action remains and buyers would also like to see the number of lines subject to monitoring narrow. As it stands, the Government of Vietnam will need to continue to keep a close eye on the rate of growth of garment exports to the United States through the end of the administration. That will continue to create uncertainty, the buyers tell us.

Comment:

15. (SBU) Since it was announced last year, Vietnam has insisted that the apparel import monitoring program is among the biggest irritants in our bilateral trading relationship. The October 26 announcement reduces tension but does not take the issue off the table, so senior U.S. officials can expect to hear more from their GVN interlocutors. We will watch closely in coming months to see if this announcement leads to an increase in orders or shift in export trends. End comment.

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